

The Aden base became Britain's principal military outpost in the Near East, a bustling Westernized port of 250,000 people, with powerful trade unions, a multi-national middle class and an intelligentsia educated in Cairo, London and Beirut.

By contrast, the protectorates are backward, both economically and politically. Much of the current strife is due to staunch opposition in Aden to association with the poor and uncouth hinterland.

Nasser's Drive

Aden may prove to be the vulnerable soft underbelly of the Arabian Peninsula. Once in power there, Nasser could pose a deadly threat to his chief rival, King Faisal. Terrorists and agents could then easily penetrate Faisal's domain. Saboteurs are already in Saudi Arabia and, although there are conflicting reports on their effectiveness, they might very well become a force to reckon with. Their obvious targets are the oil pipelines.

Nasser's political agents could subvert oil workers. They could also make use of tribal feuds and disrupt the fragile system of truces imposed by the Saudi dynasty. Egypt is already trying to exploit lingering loyalties to ex-King Saud, who is now in Cairo.

But Nasser's drive may not be limited to a campaign against Faisal. A foothold in South Arabia is important as a staging area for penetration farther east, in the oil-rich Persian Gulf states, where Britain is preparing to make her last stand in the Near East.

In his latest speech, Nasser referred to the British military transfer to the Persian Gulf and declared: "We will go in right behind them, following step by step, until we have swept the entire area free of them."

Embassies in Washington are buying extra copies of our new illustrated special survey—

THE ARMS RACE IN THE NEAR EAST

Order your copies today:

single copies, 25¢ 10 copies, \$2

NEAR EAST REPORT

1341 G Street, N. W.

Washington, D. C. 20005



More on AFME

At least 10 foundations cited as CIA conduits have supported the American Friends of the Middle East (AFME) since its establishment in 1951.

A study of Internal Revenue returns, AFME's annual reports and other sources, just completed by the *Near East Report*, reveals that AFME received almost \$2 million between 1952 and 1957 from the Dearborn Foundation in Chicago and the San Jacinto Fund in Houston, and that eight additional foundations gave AFME at least one-half million dollars from 1960 through 1965.

Dearborn was the principal support of AFME during the first six years of the organization's existence. It started AFME's financing with a grant of at least \$50,000 in 1952. In 1953, it contributed \$130,000. This figure jumped to about \$400,000 the following year and then ranged from \$300,000 to \$350,000 from 1955 through 1957. The records show that Dearborn contributed some \$1.5 million to AFME between 1952 and 1957.

The San Jacinto Fund was organized as a charitable trust in Houston on Mar. 4, 1954, by John W. Mecom. Mecom is president of a Texas oil firm with many interests in the Near East. The company has been prospecting for oil in Jordan and in the spring of 1964, Mecom was host to King Hussein during the latter's visit to the United States.

San Jacinto was named by members of the National Student Association as a CIA front. In 1955, AFME stated that it had "succeeded in enlisting the interest" of San Jacinto from which it had already received "substantial gifts." For the following two years AFME admits that the bulk of its support came from Dearborn and San Jacinto. It is estimated that in those three years San Jacinto contributed about \$250,000.

Thus, San Jacinto and Dearborn together contributed almost all of AFME's total income of \$2,385,510 from 1952 to 1957.

From 1958 on, AFME reports omit any mention of the foundations and

neither are required to file returns.

In 1960, according to IRS records, the Jones-O'Donnell Foundation in Dallas, an admitted CIA conduit, gave AFME \$10,000.

In 1961, the J. Frederick Brown Foundation in Boston and the Marshall Foundation in Houston joined the list, the former with a contribution of \$10,000 and the latter with \$20,000. Jones-O'Donnell gave AFME \$10,000 in 1961.

In 1962, Marshall raised its contribution to \$25,000, and Jones-O'Donnell to \$15,000.

The following year another three foundations listed AFME as one of their beneficiaries: the Hobby Foundation in Houston (\$50,000); the David, Josephine and Winfield Baird Foundation in New York (\$50,000); and the W. Alton Jones Foundation in New York (\$25,000). Marshall's contribution that year was \$20,000.

In 1964, Hobby's donation jumped to \$75,000, and Baird's to \$100,000. Brown, which had not recorded any gifts to AFME in 1962 or 1963, granted the organization \$35,000; Jones gave \$25,000.

The 1965 records are the most incomplete. However, it is known that Hobby gave AFME \$50,000; the Granary Fund in Boston, \$75,000.

The following figures are available:

Baird	\$150,000
Brown	45,000
Dearborn	1,500,000
Granary	75,000
Hobby	175,000
Jones	50,000
Jones-O'Donnell	35,000
Marshall	65,000
San Jacinto	250,000

Total \$2,345,000

But the full story of AFME's funds is still not known. Since 1958, the organization's annual reports have avoided any reference to specific foundations and have lumped all income under one broad heading called "contributions, membership dues, counseling fees, etc."

Attempting to trace AFME's funds through their sources is difficult. Some foundations have never filed returns. The reports of others are often incomplete. And all reports prior to 1962 are buried deep in the files of IRS district offices.

PLO Report

The Palestine Liberation Organization in New York has changed the designation of its "principal office" from Jerusalem to Cairo.

(Turn the page)